



American Water Works
Association

Low-Income Water Assistance Programs

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August 2004

Today's Outline

- Low-income water customers
- Overview of assistance programs
- Survey of AWWA utility members
- Key questions about a federal assistance program

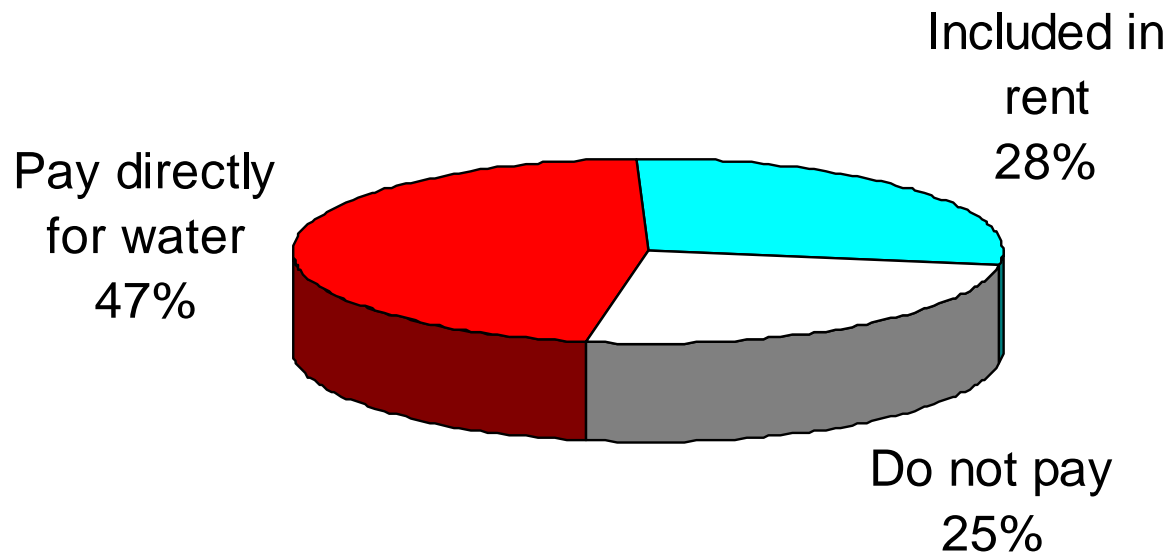
Low-income customers



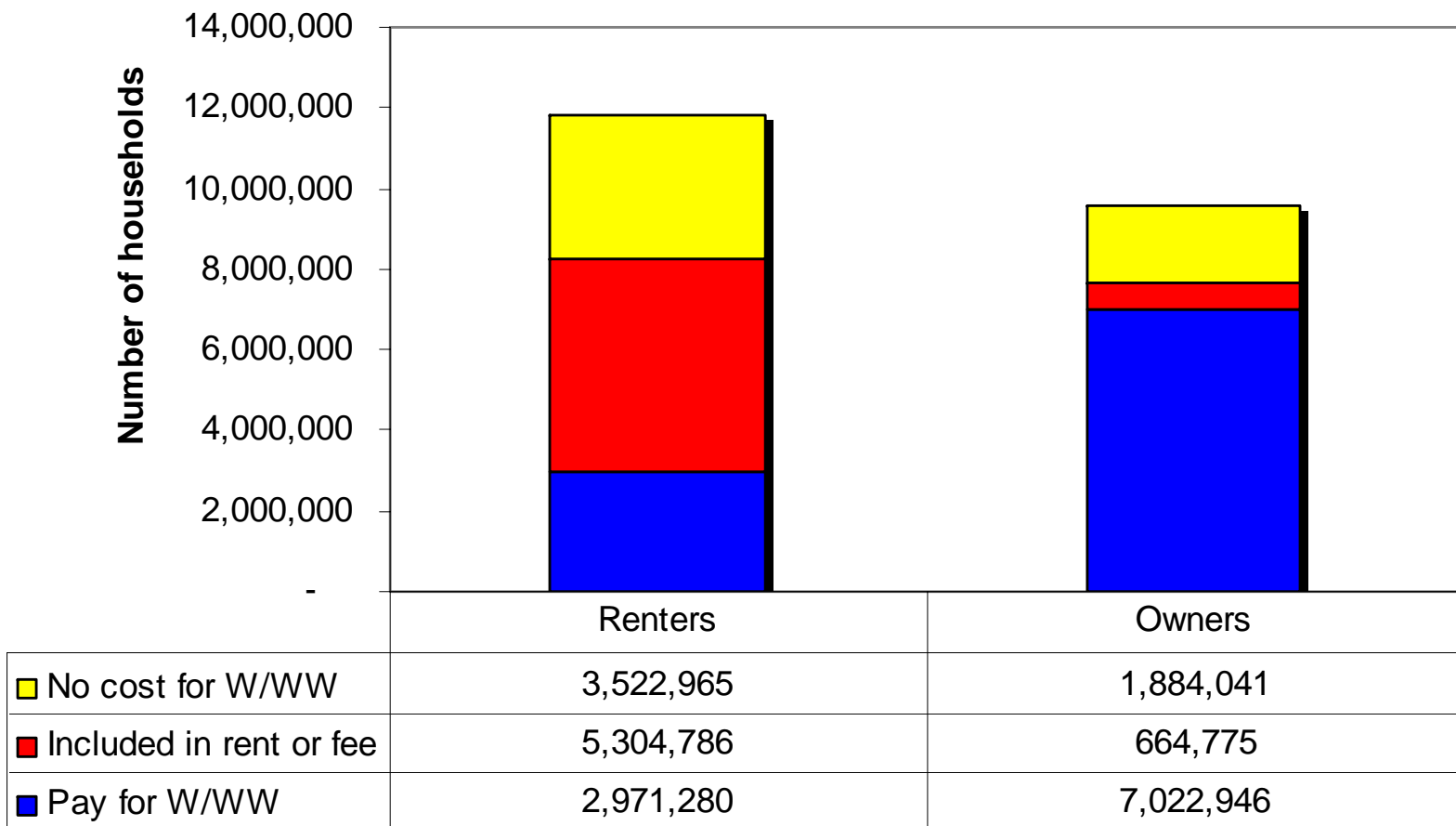
What is “low income”?

- Federal poverty level (FPL) in 2002:
 - Family of 3: \$14,072
 - Family of 4: \$18,556
- In 2002, households below:
 - 100% FPL: 16.8 million
 - 125% FPL: 22.6 million
- In 1999, 23 million households had incomes less than \$20,000 per year

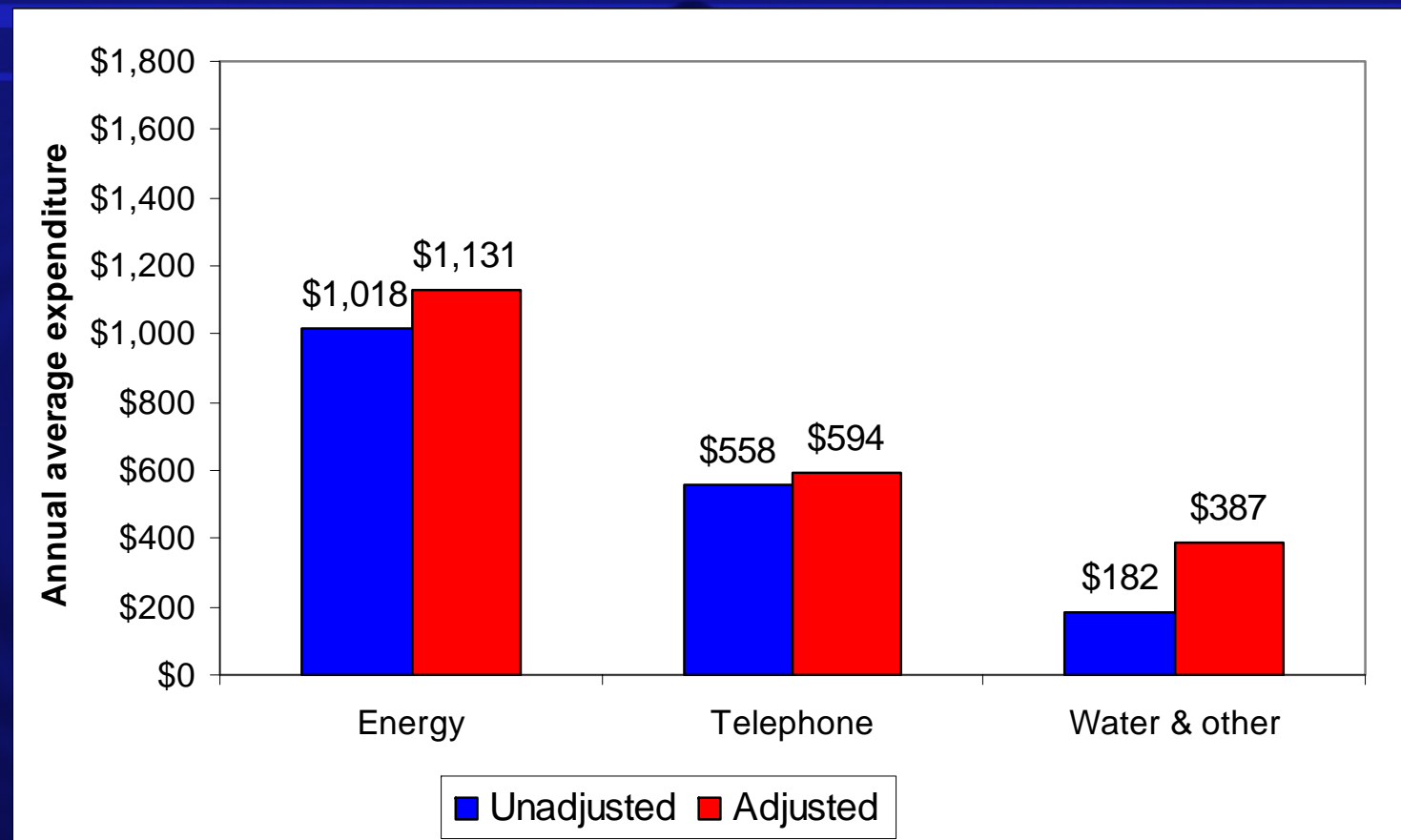
Income less than \$20,000 paying directly for water (1999)



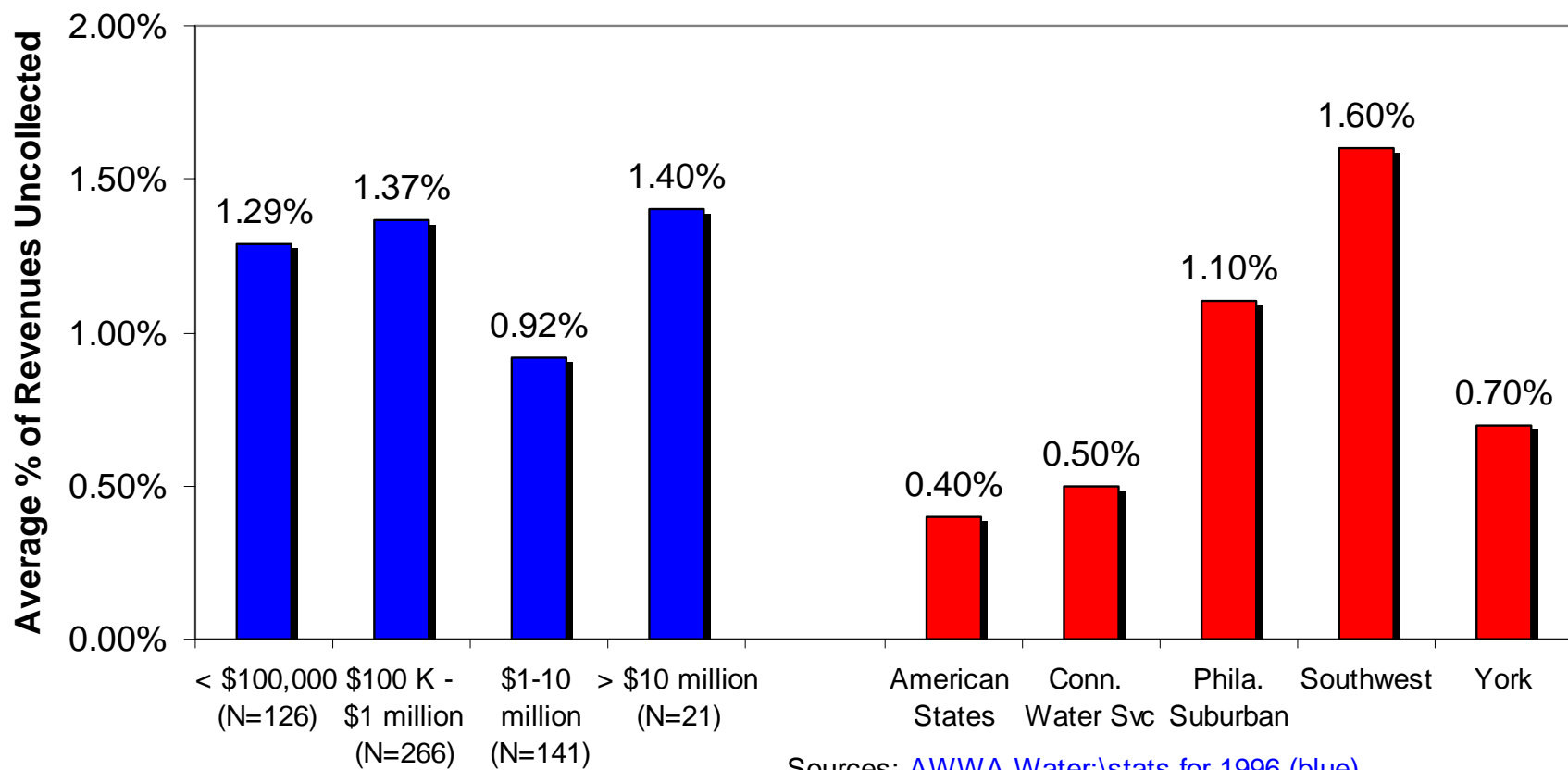
Low-income renters vs. homeowners



Cost of water and other utilities for low-income households: adjusted for non-paying households (2002)



Unpaid water bills



Sources: [AWWA Water:\stats for 1996 \(blue\)](#)

[Mergent Online data for 2002 \(red\)](#)

Overview of assistance programs



Utility-sponsored programs

- Rate discounts
- Waive customer (meter) charge
- Percentage of income
- Percentage of bill
- Forgiveness of arrearages
- Conservation

Utility-private partnerships

- Hardship fund
- Referral with funding



Non-utility assistance

- Private, non-profit groups, e.g.:
 - Salvation Army
 - Churches and synagogues
- Local government

Federal energy assistance

- Low Income Home Energy Assistance Program (LIHEAP)
 - Annual grant (usually about \$175)
 - Crisis funds
 - Weatherization assistance
 - Match for utility/state contributions
 - Innovative project funding
 - \$1.9 billion this year (general fund)

Federal telephone assistance

- Lifeline
 - Monthly benefit (\$6.75 to \$14.78)
- Link Up
 - One-time benefit (\$30)
 - [Lifeline + Link Up = \$700 million/yr]
- High-cost support to rural utilities
 - Paid to utilities annually (\$3 billion)
- Surcharge on phone bills

Survey of AWWA members

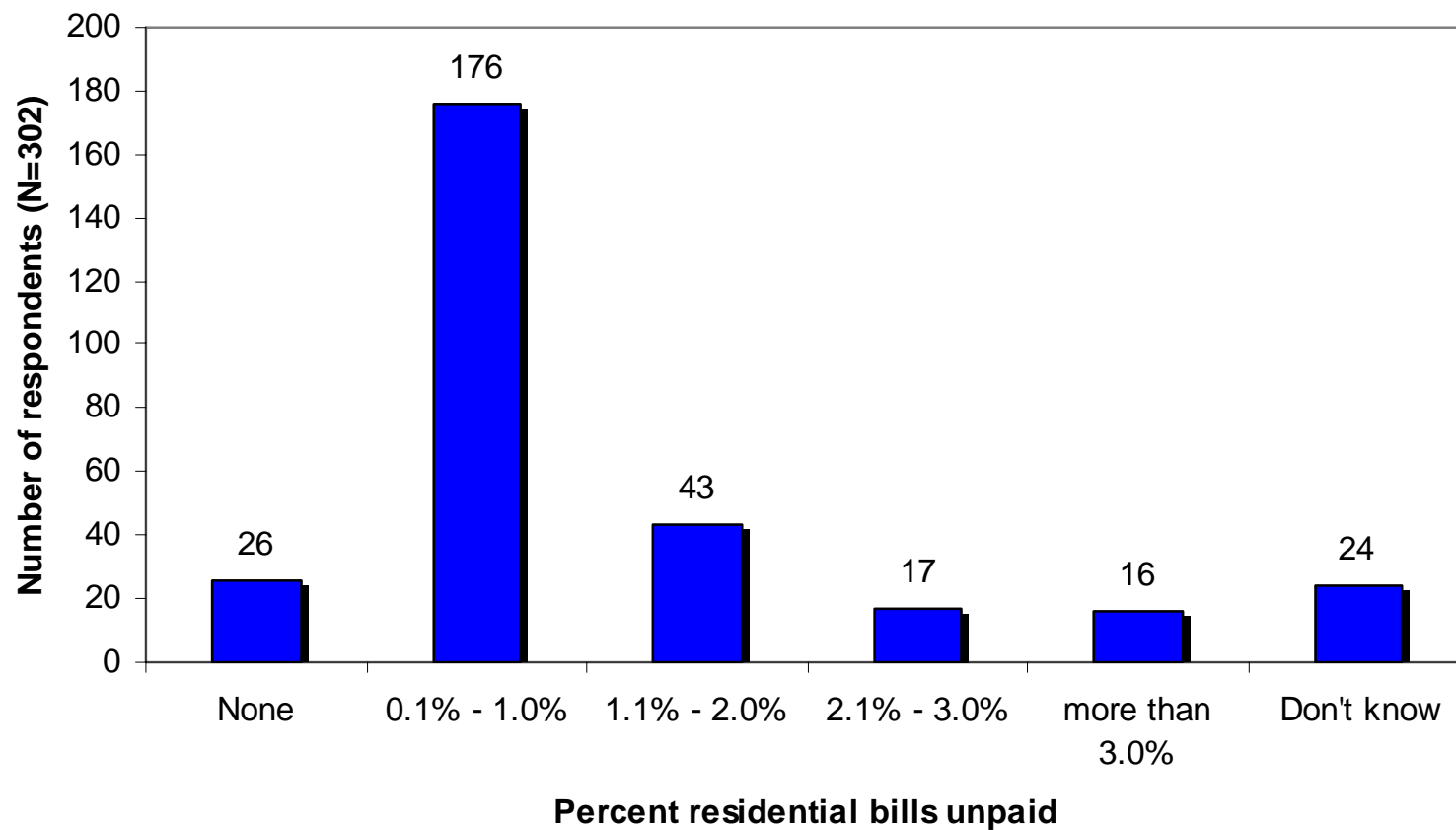


Survey background

- Web-based survey
- Invitation sent to all AWWA utility members (~4,700 utilities)
- Complete responses received from 338 utilities (7.5%)
- Representative of all sizes – serving 1,000 to 500,000
- Both private and public ownership – approx. 75% government-owned

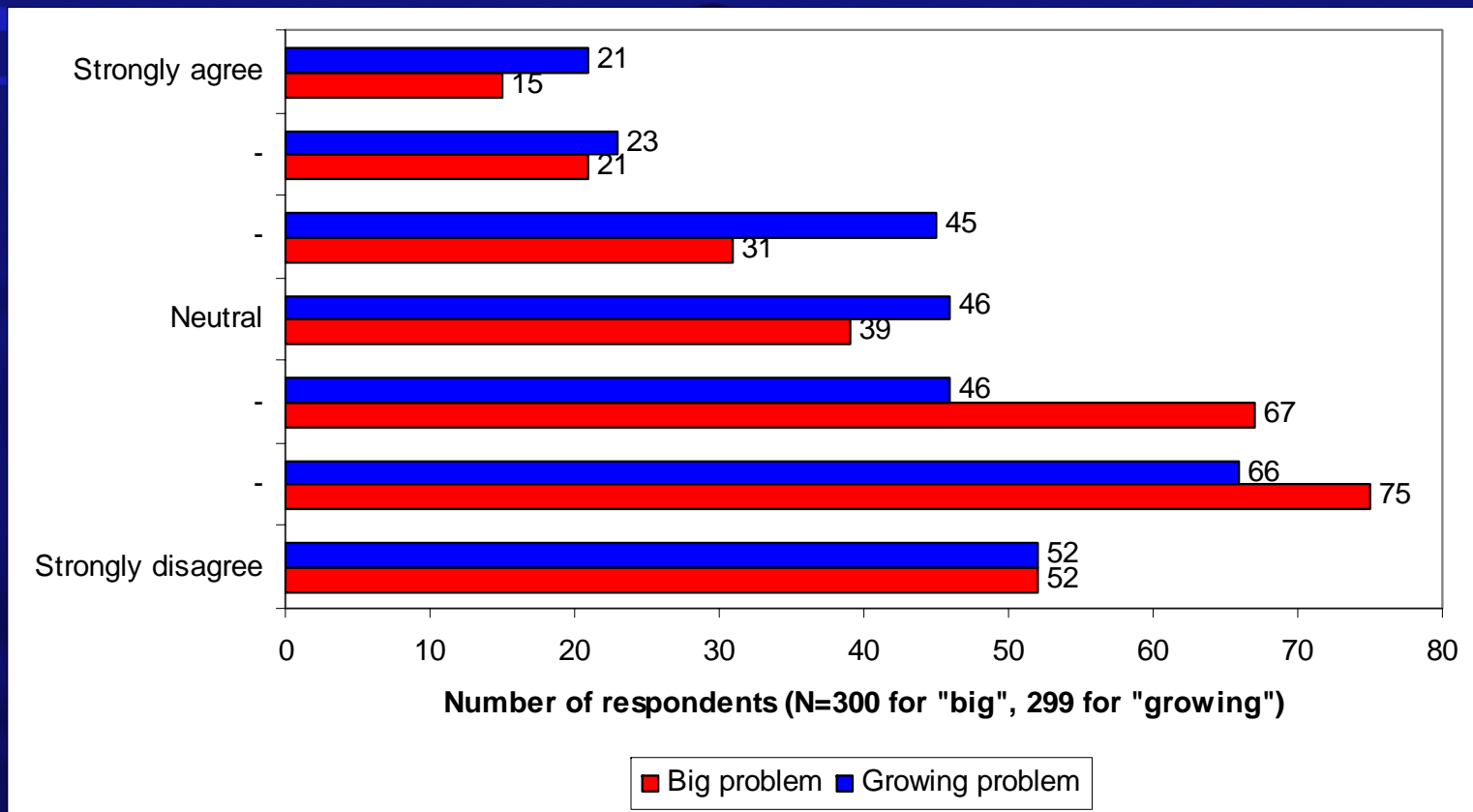
Unpaid water bills

Q 31: What is your utility's typical percentage of unpaid residential water bills (total value of unpaid water bills as percent of total water sales)?



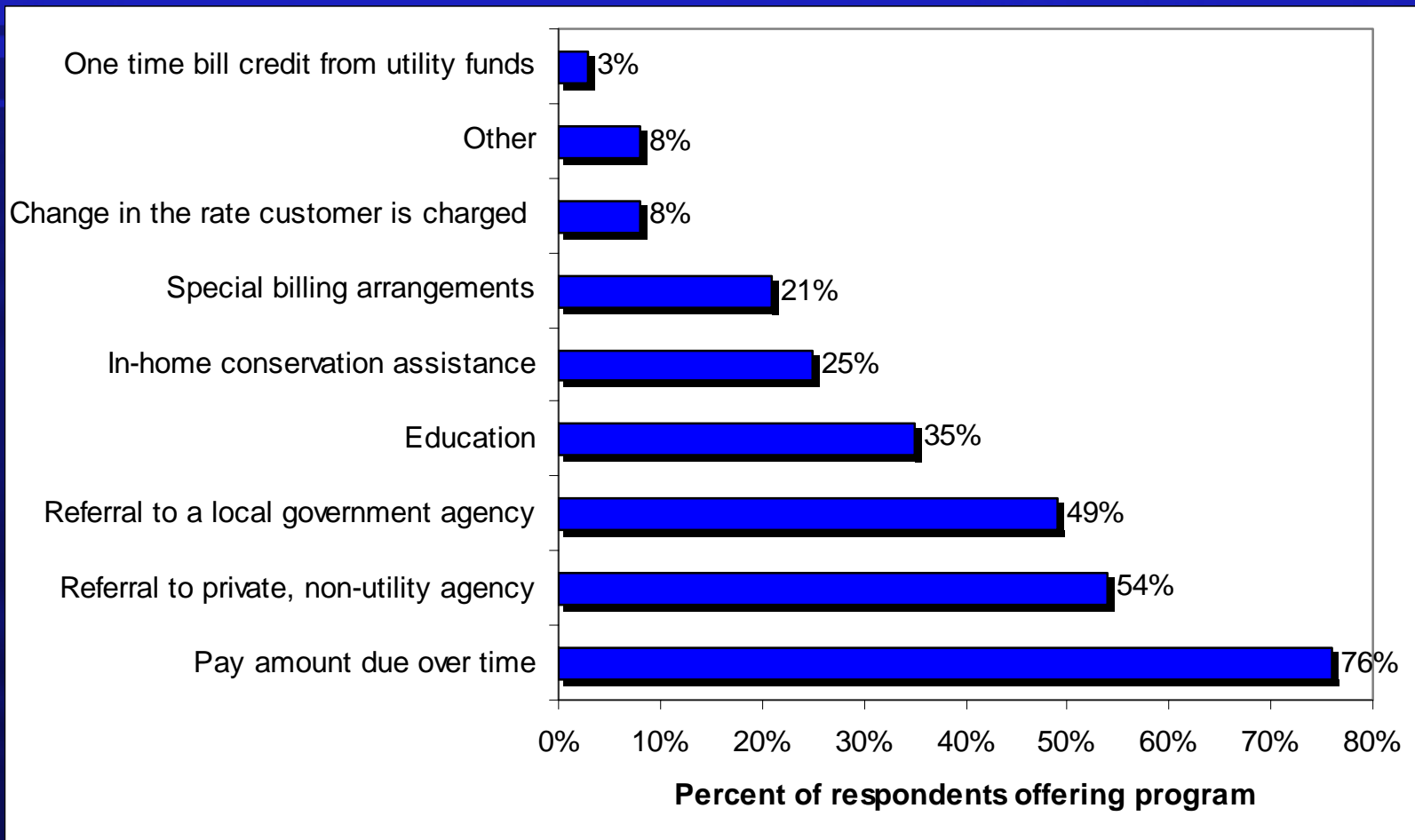
Nature of payment problems

Q 13: Nonpayment of water bills is a big (or growing) problem for our utility
(1=strongly disagree; 7=strongly agree)



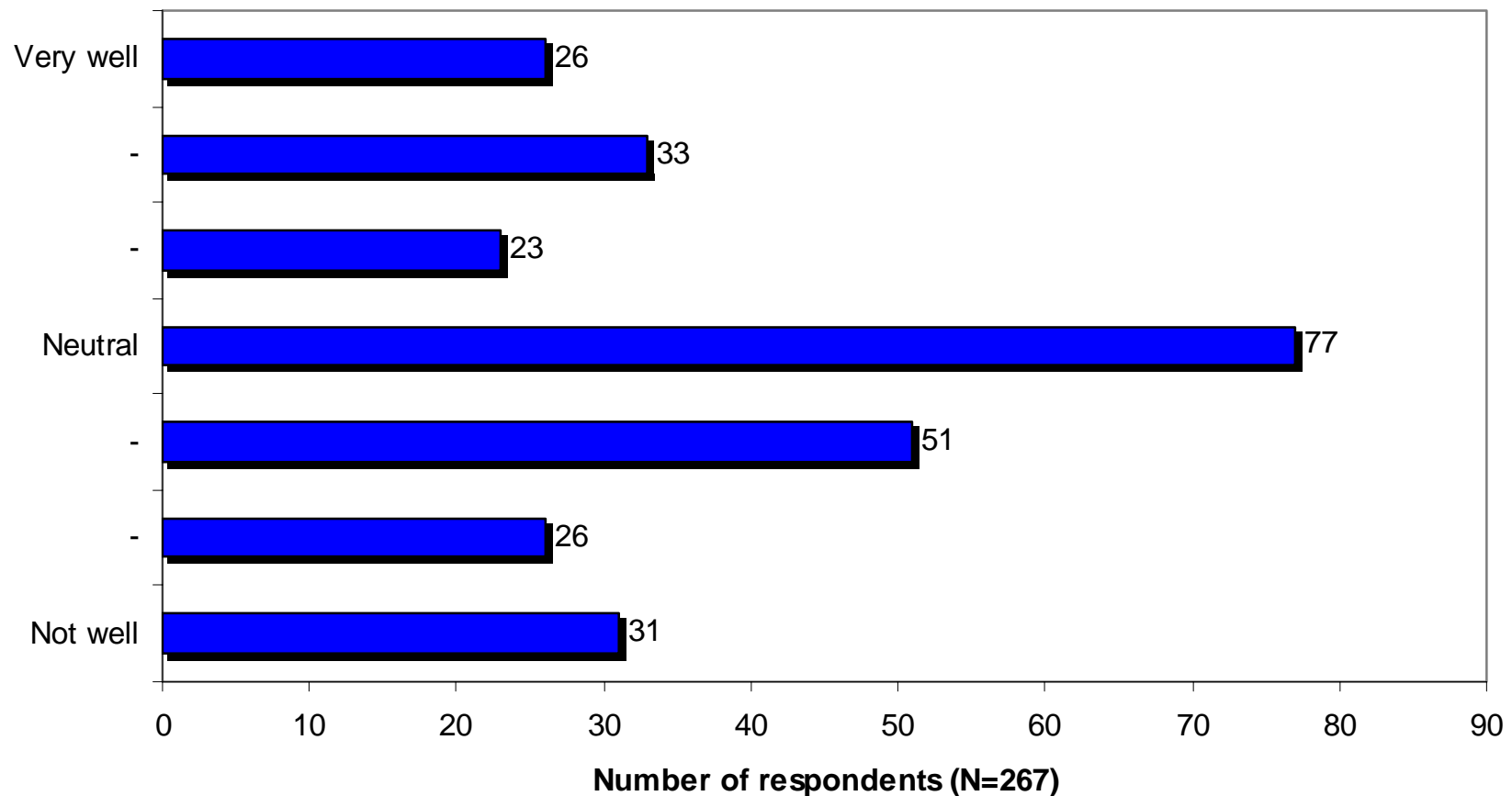
Existing assistance programs

Q 15: If a low-income residential customer is having trouble paying their bill, which, if any, does your utility offer?



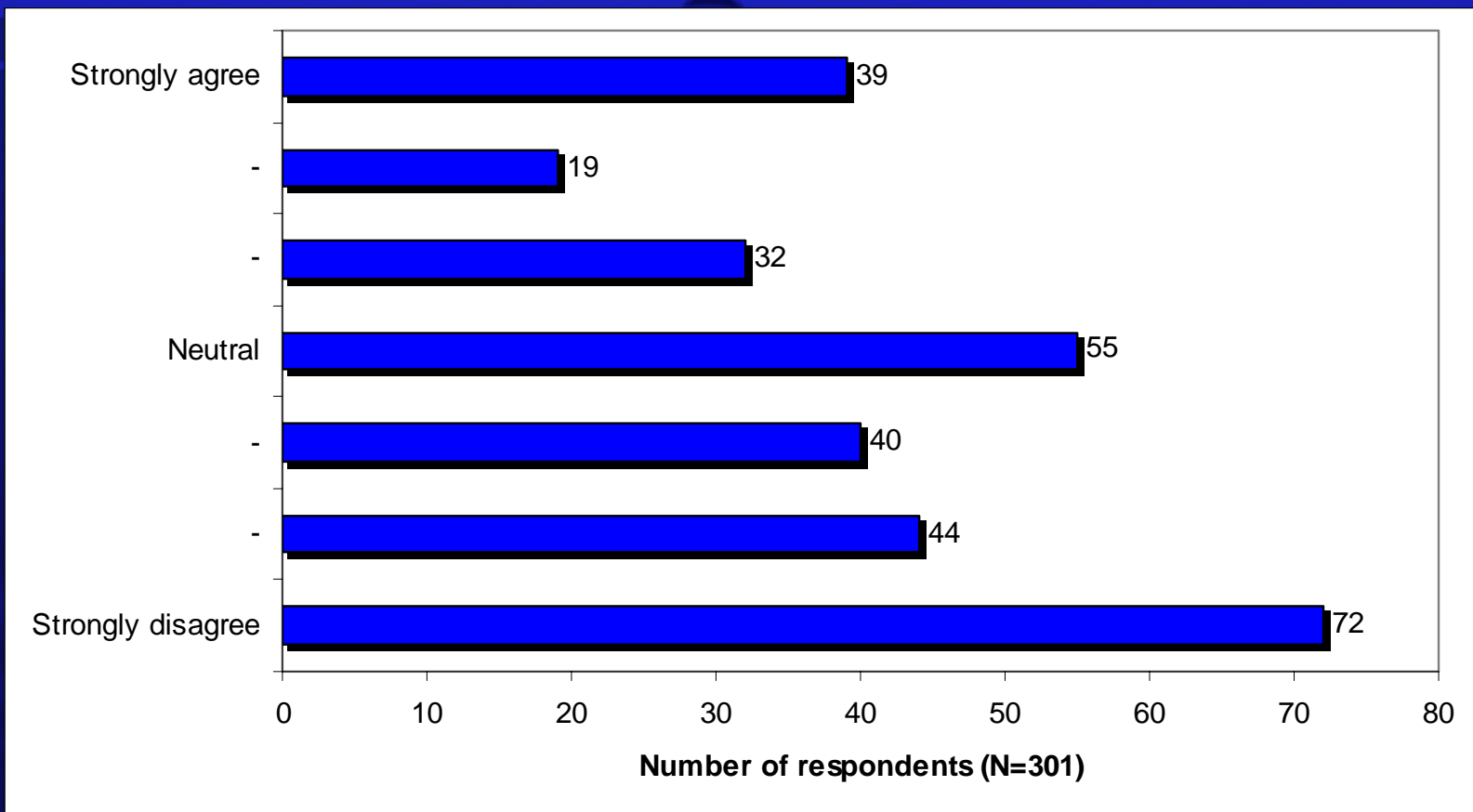
Meeting current needs

Q 27: On a scale of 1 to 7, please rate how well you think your existing assistance program(s) address current needs (1=not well and 7=very well)?



Need for federal program

Q 29: On a scale of 1 to 7 (where 1 means “strongly disagree” and 7 means “strongly agree”), please rate how much you agree with the following statement: There is a need for a federal program to provide financial support to help low-income residential customers pay for water service.



The need for a federal assistance program



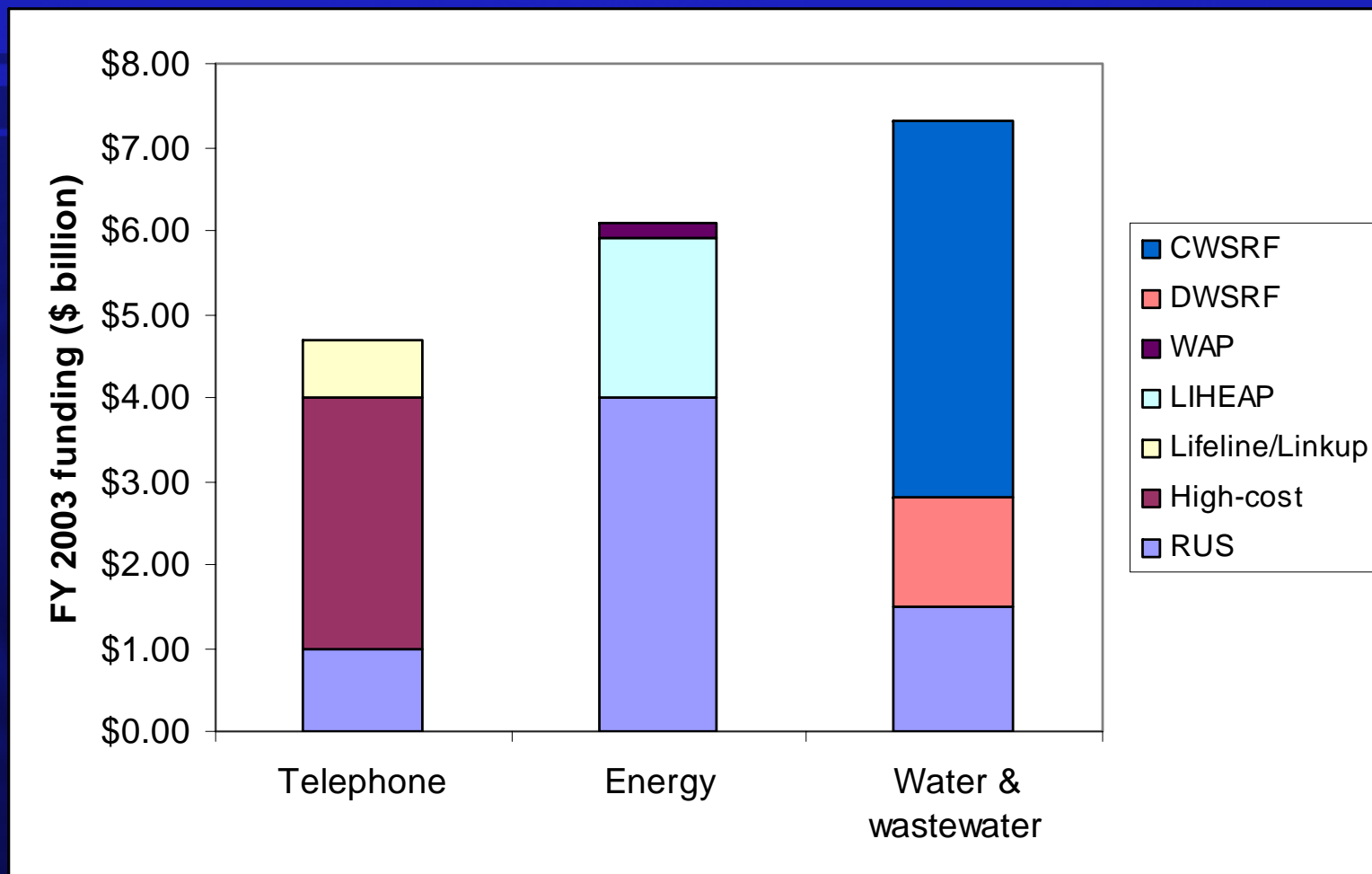
Key questions about a federal assistance program

- Include wastewater, storm water?
- Is there a pressing need for help?
- Is the need growing?
- Right time to seek federal funding?
- Goal: Help households, help utility afford compliance, or both?
- Help renters? Private wells?
- Eligibility? Amount of assistance?

Program evaluation criteria

- Cost
- Target efficiency (reaching the defined population)
- Horizontal equity (fairness)
- Utility efficiency
- Administrative efficiency
- Water use efficiency
- Sensitivity to local circumstances

Existing federal utility assistance funding



How water utilities can help low-income customers

- The need for assistance is real, but a federal program may not be the best solution
- AWWA is preparing a “tool box” to assist water utilities to enhance customers’ ability to pay water bills

How water utilities can help (cont.)

- Outreach to use existing programs will increase assistance to low-income water customers
 - LIHEAP
 - Telephone Lifeline programs
 - Federal earned income tax credits
 - Conservation programs
 - Billing options
 - Increased use of community organizations & local agencies

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